NCA VOC
FOR IOP/FN
NEWS ANALYSIS NO. 1-1766 NOVEMBER 4, 1976
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ECONOMIC POLICY AFTER THE ELECTION

ANNCR:

VOA BUSINESS EDITOR FRANK FEINBERG LOOKS AT THE PROSPECTS OF MAJOR SHIFTS IN AMERICAN ECONOMIC POLICY WITH THE CHANGE IN ADMINISTRATION NEXT JANUARY.

VOICE:

NEITHER POLITICAL OBSERVERS NOR THE U.S. BUSINESS COMMUNITY EXPECT SHARP SWINGS IN ECONOMIC POLICY TO COME QUICKLY AFTER PRESIDENT-ELECT CARTER ASSUMES OFFICE ON JANUARY TWENTIETH. HISTORICAL PRECEDENTS, THE STRUCTURE OF GOVERNMENT, AND PLAIN PRACTICALITY RULE OUT ANY PRECIPITOUS MOVES BY A NEW ADMINISTRATION.

THE FISCAL POLICY FOR THE PERIOD ENDING SEPTEMBER THIRTIETH OF NEXT YEAR -- FISCAL YEAR 1977 -- WILL BE OUTLINED BY THE OUTGOING FORD ADMINISTRATION IN ITS BUDGET PROPOSALS TO CONGRESS IN JANUARY -- A WEEK BEFORE THE PRESIDENTIAL INAUGURATION. MISTER CARTER'S ECONOMIC ADVISERS MAY SUBMIT THEIR VERSION OF THE FEDERAL BUDGET SOON AFTERWARDS. BUT IT IS UNLIKELY TO HAVE A MAJOR IMPACT FOR SOME TIME.

IN THE SHORT TERM, AT LEAST, THE COURSE OF THE U.S. ECONOMY IS DETERMINED TO A GREAT EXTENT BY DECISIONS MADE MANY MONTHS IN ADVANCE. POLICIES NOW BEING IMPLEMENTED WILL AFFECT THE ECONOMY'S MOVEMENT FOR A GOOD PORTION OF NEXT YEAR. SOME ECONOMISTS SAY IT TAKES A MINIMUM OF SIX-MONTHS TO ALTER THE DIRECTION OF THE NATION'S ECONOMY. AND IF THE ECONOMY ACCELERATES DURING THIS YEAR'S FINAL QUARTER AND INTO NEXT YEAR -- AS MANY FORECAST -- THE CARTER ECONOMIC PLANNERS WOULD HARDLY DO ANYTHING TO IMPEDE THESE DEVELOPMENTS.

ALSO, ECONOMIC POLICIES IN GENERAL ARE JOINTLY DETERMINED BY THE EXECUTIVE BRANCH, THE CONGRESS AND THE FEDERAL RESERVE BOARD -- THE U.S. CENTRAL BANK. IT WILL TAKE TIME FOR PRESIDENT-ELECT CARTER TO ESTABLISH A WORKING RELATIONSHIP WITH CONGRESSIONAL LEADERS AND WITH CHAIRMAN ARTHUR BURNS OF THE RESERVE BOARD. THESE PEOPLE ARE VERY COGNIZANT OF THEIR PREROGATIVES IN SETTING GOVERNMENT ECONOMIC POLICY.

NEVERTHELESS, MISTER CARTER IS ON RECORD THAT HIS PRIMARY DOMESTIC GOAL IS TO INCREASE EMPLOYMENT. HE WOULD LIKE INDUSTRY TO FURNISH MOST JOBS THROUGH EXPANSION, BUT HE HAS SAID HE WOULD INITIATE MORE PUBLIC SERVICE JOBS IF NECESSARY.

MISTER CARTER THINKS THE GOVERNMENT CAN STIMULATE SLUGGISH INDUSTRIES SUCH AS CONSTRUCTION. HE SAYS GOVERNMENT SHOULD TRY TO PERSUADE BOTH INDUSTRY AND LABOR TO BE RESPONSIBLE IN THEIR DEMANDS FOR INCREASED PRICES AND WAGES. AND JUDGING FROM HIS STATEMENTS HE WOULD INVOLVE THE GOVERNMENT MORE IN SUCH DECISIONS, BELIEVING THEY WOULD HAVE A CUMULATIVE EFFECT IN CREATING MORE JOBS.

JS/RCS